

AMENDED IN ASSEMBLY AUGUST 18, 2014

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN ASSEMBLY JUNE 11, 2014

AMENDED IN SENATE MARCH 12, 2014

**SENATE BILL**

**No. 944**

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**Introduced by Senator Torres**

February 5, 2014

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An act to ~~amend Section 11011.1 of, and to add Section 11011.6 to,~~  
to the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 944, as amended, Torres. Surplus state property.

Existing law requires the Department of General Services to dispose of surplus state real property in a specified manner, including, but not limited to, prescribing the priority of disposition of the property before the department offers it for sale to private entities or individuals. Existing law declares that the provision of decent housing for all Californians is a state goal of the highest priority and that priority be given to the disposal of surplus state real property to housing for persons and families of low or moderate income. *Existing law requires a local agency or nonprofit affordable housing sponsor, in order to be considered as a potential priority buyer of certain surplus state real property, as defined, to, among other things, demonstrate, to the satisfaction of the department, that the surplus state real property, or portion of that surplus state real property, is to be used by the local agency or nonprofit affordable housing sponsor for open space, public parks, affordable housing projects, development of projects that create sustainable*

*employment opportunities of benefit to the area and region where the property is located, or development of local government-owned facilities.*

~~This bill would add to those goals the creation of sustainable jobs and state the intent that priority be given to the disposal of surplus state real property to the development of projects that create sustainable employment opportunities of benefit to the area and region where the property is located when the property is suitable for those purposes. The~~

~~This bill would require the department, when disposing of surplus state real property, to give the same priority to a local agency that intends to or nonprofit affordable housing sponsor that wishes to be considered a priority buyer of the state real property known as Lanterman Developmental Center, located in Pomona, Los Angeles County, which has been declared to be surplus state real property, to additionally demonstrate to the department that the local agency or nonprofit affordable housing sponsor will use the property for the development of projects that create sustainable employment opportunities of benefit to the area and region where the property is located, as to a local agency that intends to use the property for affordable housing projects. located.~~

~~This bill would, notwithstanding any other law, additionally prohibit the state real that property known as Lanterman Developmental Center, located in Pomona, Los Angeles County, which has been declared to be surplus state real property, from being prezoned, zoned, or rezoned unless the Department of General Services requests that the property be rezoned or approves the rezoning of the property. This bill would also make technical, nonsubstantive changes to these provisions.~~

~~This bill would make legislative findings and declarations as to the necessity of a special statute for the Lanterman Development Developmental Center.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     ~~SECTION 1. Section 11011.1 of the Government Code is~~
- 2     ~~amended to read:~~
- 3     ~~11011.1. (a) Notwithstanding any other law, except Article~~
- 4     ~~8.5 (commencing with Section 54235) of Chapter 5 of Part 1 of~~
- 5     ~~Division 2 of Title 5, the disposal of surplus state real property by~~
- 6     ~~the Department of General Services is subject to the requirements~~

1 of this section. For purposes of this section, “surplus state real  
2 property” means real property declared surplus by the Legislature  
3 and directed to be disposed of by the Department of General  
4 Services, including any real property previously declared surplus  
5 by the Legislature but not yet disposed of by the Department of  
6 General Services prior to the enactment of this section.

7 (b) (1) The department may dispose of surplus state real  
8 property by sale, lease, exchange, a sale combined with an  
9 exchange, or other manner of disposition of property, as authorized  
10 by the Legislature, upon any terms and conditions and subject to  
11 any reservations and exceptions the department deems to be in the  
12 best interests of the state.

13 (2) (A) The Legislature finds and declares that the provision  
14 of decent housing for all Californians and the creation of  
15 sustainable jobs are state goals of the highest priority. The disposal  
16 of surplus state real property is a direct and substantial public  
17 purpose of statewide concern and will serve an important public  
18 purpose, including mitigating the environmental effects of state  
19 activities. Therefore, it is the intent of the Legislature that priority  
20 be given, as specified in this section, to the disposal of surplus  
21 state real property to housing for persons and families of low or  
22 moderate income, where land is suitable for housing and there is  
23 a need for housing in the community, and to the development of  
24 projects that create sustainable employment opportunities of benefit  
25 to the area and region where the property is located when the  
26 property is suitable for those purposes.

27 (B) Surplus state real property that has been determined by the  
28 department not to be needed by any state agency shall be offered  
29 to any local agency, as defined in subdivision (a) of Section 54221,  
30 and then to nonprofit affordable housing sponsors, before being  
31 offered for sale to private entities or individuals. As used in this  
32 subdivision, “nonprofit affordable housing sponsor” means any  
33 of the following:

34 (i) A nonprofit corporation incorporated pursuant to Division  
35 2 (commencing with Section 5000) of Title 1 of the Corporations  
36 Code.

37 (ii) A cooperative housing corporation which is a stock  
38 cooperative, as defined by Section 11003.2 of the Business and  
39 Professions Code.

40 (iii) A limited-dividend housing corporation.

1     (C) The department, subject to this section, shall maintain a list  
2 of surplus state real property in a conspicuous place on its Internet  
3 Web site. The department shall provide local agencies and, upon  
4 request, members of the public, with electronic notification of  
5 updates to the list of properties.

6     (D) To be considered as a potential priority buyer of the surplus  
7 state real property, a local agency or nonprofit affordable housing  
8 sponsor shall notify the department of its interest in the surplus  
9 state real property within 90 days of the department posting on its  
10 Internet Web site the notice of the availability of the surplus state  
11 real property. The local agency or nonprofit affordable housing  
12 sponsor shall demonstrate, to the satisfaction of the department,  
13 that the surplus state real property, or portion of that surplus state  
14 real property, is to be used by the local agency or nonprofit  
15 affordable housing sponsor for open space, public parks, affordable  
16 housing projects, development of projects that create sustainable  
17 employment opportunities of benefit to the area and region where  
18 the property is located, or development of local government-owned  
19 facilities. If more than one local agency expresses an interest in  
20 the surplus state real property, priority shall be given to the local  
21 agency that intends to use the surplus state real property for  
22 affordable housing or development of projects that create  
23 sustainable employment opportunities of benefit to the area and  
24 region where the property is located. If no agreement or transfer  
25 of title occurs, the priority shall next be given to the local agency  
26 that intends to use the surplus state real property for open space,  
27 public parks, or development of local government-owned facilities.  
28 The sales agreement shall be executed by the local agency or  
29 nonprofit affordable housing sponsor within 60 days after the  
30 director determines the local agency or nonprofit affordable  
31 housing sponsor is to receive the surplus state real property. The  
32 sale of the surplus state real property to a local agency or nonprofit  
33 affordable housing sponsor pursuant to this section shall be  
34 completed, and title transferred, within 60 days of the date the  
35 department executes the sales agreement, or, if required by law,  
36 no later than 60 days after the State Public Works Board has  
37 authorized the sale. If the sale of a surplus state real property to a  
38 local agency or nonprofit affordable housing sponsor is not  
39 completed within the timeframe specified in this subparagraph,

1 then the department shall proceed with the process for disposal to  
2 other private entities or individuals.

3 ~~(e) (1) If more than one local agency desires the surplus state~~  
4 ~~real property for use as an open space, a public park, or the~~  
5 ~~development of a local government-owned facility, the department~~  
6 ~~shall transfer the surplus state real property to the local agency~~  
7 ~~offering the highest price above fair market value. If more than~~  
8 ~~one local agency desires the surplus state real property for use as~~  
9 ~~an affordable housing project, the department shall transfer the~~  
10 ~~surplus state real property to the local agency offering the greatest~~  
11 ~~number of affordable housing units. If more than one nonprofit~~  
12 ~~affordable housing sponsor desires the surplus state real property~~  
13 ~~for use as an affordable housing project, the department shall~~  
14 ~~transfer the surplus state real property to the nonprofit affordable~~  
15 ~~housing sponsor offering the greatest number of affordable housing~~  
16 ~~units.~~

17 ~~(2) If no local agency or nonprofit affordable housing sponsor~~  
18 ~~is interested, or an agreement, as provided above, is not reached,~~  
19 ~~then the disposal of the surplus state real property to private entities~~  
20 ~~or individuals shall be pursuant to a public bidding process~~  
21 ~~designed to obtain the highest most certain return for the state from~~  
22 ~~a responsible bidder, and any transaction based on such a bidding~~  
23 ~~process shall be deemed to be the fair market value for the purposes~~  
24 ~~of the reporting requirements pursuant to subdivision (d).~~

25 ~~(3) Notwithstanding any other law, the department may sell~~  
26 ~~surplus state real property, or a portion of surplus state real~~  
27 ~~property, to a local agency, or to a nonprofit affordable housing~~  
28 ~~sponsor if no local agency is interested in the surplus state real~~  
29 ~~property, for affordable housing projects at a sales price less than~~  
30 ~~fair market value if the department determines that such a discount~~  
31 ~~will enable the provision of housing for persons and families of~~  
32 ~~low or moderate income. Nothing shall preclude a local agency~~  
33 ~~that purchases the surplus state real property for affordable housing~~  
34 ~~from reconveying the surplus state real property to a nonprofit~~  
35 ~~affordable housing sponsor for development of affordable housing.~~  
36 ~~Transfer of title to the surplus state real property or lease of the~~  
37 ~~surplus state real property for affordable housing shall be~~  
38 ~~conditioned upon continued use of the surplus state real property~~  
39 ~~as housing for persons and families of low and moderate income~~  
40 ~~for at least 40 years and the department shall record a regulatory~~

1 agreement that imposes affordability covenants, conditions, and  
2 restrictions on the surplus state real property. The regulatory  
3 agreement shall be a first priority lien on the surplus state real  
4 property and last for a period of at least 40 years, and if another  
5 state agency is lending funds for a project, a combined regulatory  
6 agreement shall be utilized. Notwithstanding any other provision  
7 of law, the regulatory agreement shall not be subordinated to any  
8 other lien or encumbrance except for any federal loan program the  
9 statutes or regulations of which require a first priority lien for that  
10 federal loan.

11 (4) Notwithstanding any other law, the Director of General  
12 Services may transfer surplus state real property to a local agency  
13 for less than fair market value if the local agency uses the surplus  
14 state real property for parks or open-space purposes. The deed or  
15 other instrument of transfer shall provide that the surplus state real  
16 property would revert to the state if the use changed to a use other  
17 than parks or open-space purposes during the period of 25 years  
18 after the transfer date. For the purpose of this paragraph,  
19 “open-space purposes” means the use of land for public recreation,  
20 enjoyment of scenic beauty, or conservation or use of natural  
21 resources.

22 (d) Thirty days prior to executing a transaction for a sale, lease,  
23 exchange, a sale combined with an exchange, or other manner of  
24 disposition of the surplus state real property for less than fair  
25 market value or for affordable housing, or as authorized by the  
26 Legislature, the Director of General Services shall report to the  
27 chairpersons of the fiscal committees of the Legislature all of the  
28 following:

29 (1) The financial terms of the transaction.

30 (2) A comparison of fair market value for the surplus state real  
31 property and the terms listed in paragraph (1).

32 (3) The basis for agreeing to terms and conditions other than  
33 fair market value.

34 (e) As to surplus state real property sold or exchanged pursuant  
35 to this section, the director shall except and reserve to the state all  
36 mineral deposits, as described in Section 6407 of the Public  
37 Resources Code, together with the right to prospect for, mine, and  
38 remove the deposits. If, however, the director determines that there  
39 is little or no potential for mineral deposits, the reservation may  
40 be without surface right of entry above a depth of 500 feet, or the

1 ~~rights to prospect for, mine, and remove the deposits shall be~~  
2 ~~limited to those areas of the surplus state real property conveyed~~  
3 ~~that the director determines to be reasonably necessary for the~~  
4 ~~removal of the deposits.~~

5 (f) ~~The failure to comply with this section, except for subdivision~~  
6 ~~(d), shall not invalidate the transfer or conveyance of surplus state~~  
7 ~~real property to a purchaser for value.~~

8 (g) ~~For purposes of this section, fair market value is established~~  
9 ~~by an appraisal and economic evaluation conducted by the~~  
10 ~~department or approved by the department.~~

11 ~~SEC. 2.~~

12 *SECTION 1.* Section 11011.6 is added to the Government Code,  
13 to read:

14 11011.6. ~~Notwithstanding~~ *Any local agency or nonprofit*  
15 *affordable housing sponsor that wishes to be considered a priority*  
16 *buyer of the state real property known as Lanterman*  
17 *Developmental Center, located at 3530 Pomona Boulevard in*  
18 *Pomona, Los Angeles County, which has been declared to be*  
19 *surplus state real property pursuant to Section 11011, shall, in*  
20 *addition to the requirements of Section 11011.1, demonstrate to*  
21 *the department that the property, or a portion of that property,*  
22 *will be used by the local agency or nonprofit affordable housing*  
23 *sponsor for the development of projects that create sustainable*  
24 *employment opportunities of benefit to the area and region in*  
25 *which the property is located.*

26 (b) *Notwithstanding any other law, the state real property known*  
27 *as Lanterman Developmental Center, located at 3530 Pomona*  
28 *Boulevard in Pomona, Los Angeles County, which has been*  
29 *declared to be surplus state real property pursuant to Section 11011,*  
30 *shall not be prezoned, zoned, or rezoned unless the Department*  
31 *of General Services requests that the property be rezoned or*  
32 *approves the rezoning of the property.*

33 ~~SEC. 3.~~

34 *SEC. 2.* The Legislature finds and declares that a special law  
35 is necessary and that a general law cannot be made applicable  
36 within the meaning of Section 16 of Article IV of the California  
37 Constitution because of the unique circumstances applicable to  
38 the development of the Lanterman Developmental Center property  
39 and the need to ensure that the property is zoned in a manner that

- 1 is consistent with the long-term interests of the surrounding area
- 2 and region.

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